

IRS News Release

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Treasury and IRS Issue Guidance for Coal Project Credit and Gasification Project Credit

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WASHINGTON — The Treasury Department and the IRS today issued guidance for two credits created by the Energy Policy Act of 2005 – the advanced coal project credit and the gasification project credit. Each credit will be allocated by the IRS among applicants certified by the Department of Energy (DOE).

The total amount of the coal project credit is \$1.3 billion, of which \$800 million will be allocated to integrated gasification combined cycle projects and \$500 million will be allocated to other advanced coal projects. The taxpayer can claim a credit for 20 percent of the qualified investment in certified qualifying advanced coal projects using an integrated gasification combined cycle for the taxable year and a credit for 15 percent of the qualified investment in other certified qualifying advanced coal projects.

The total amount of the gasification project credit is \$350 million. Gasification is any process that converts a solid or liquid product from coal, petroleum residue, biomass, or other materials that are recovered for their energy or feedstock value into a synthesis gas composed primarily of carbon monoxide and hydrogen for direct use or subsequent chemical or physical conversion. The taxpayer can claim an amount equal to 20 percent of the qualified investment for the taxable year in qualifying gasification projects.

Today's guidance explains how to apply to the IRS for a share of the credit and how to apply to DOE to obtain the required certification.